

FredMeyer

| Stage | Who Does It | Action |
|-------|--|---|
| 2 | Employee's Immediate Supervisor OR Department Head | Upon receipt of the form, determine if the employee qualifies for tuition assistance. <ul style="list-style-type: none"> ◆ If approved, complete Section 2 ◆ If denied, meet with the employee to discuss the reason(s) for the denial |
| 3 | Employee | If the request was approved, you will receive written approval from SRD. |
| 4 | SRD | Complete Section 3 and either approve or deny the request. <ul style="list-style-type: none"> ◆ If approved, notify the employee of the approval ◆ If denied, return the request with a written explanation to the employee |
| 5 | Employee | After completing the course, return the following forms to SRD: <ul style="list-style-type: none"> ◆ An official notice of satisfactory completion (a grade slip) or an unofficial transcript ◆ The tuition receipt |
| 6 | SRD | Submit check request for reimbursement. |
| 7 | Employee | Once the check request is submitted, the employee will receive a check from Kroger within 4-6 weeks. |

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2.2 Performance Appraisals

(5/05)

Statement

It is Fred Meyer's policy to conduct annual performance appraisals for all associates.

Scope

This policy applies to all Fred Meyer associates.

Effective date

This policy is effective immediately and supersedes any previous policies.

Policy owner

Route all policy questions and suggested updates to the Group Vice President, Human Resources.

Violation of this policy

Associates who willfully or deliberately violate this policy will be subject to disciplinary action up to and including termination.

Management responsibility

Managers and supervisors are responsible for conducting performance appraisals for each of their—

- ◆ Salaried associates (as outlined in the *Salary Administration Program* packet)
 - On an annual basis when scheduled by Human Resources
- ◆ Hourly associates (as outlined in the *Associate Performance Appraisals, Improving Performance Through Effective Feedback* [M3734] booklet)
 - Upon completion of their 60 days of employment
 - Upon completion of their first 60 days in a new position
 - Annually on (or around) the associates' anniversary date

If an associate's performance changes dramatically, supervisors and managers may elect to conduct an appraisal at any time to document the change in performance.

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Human Resources responsibility

Human Resources will provide managers and supervisors with the *Salary Administration Program* packet annually and file final evaluation documents in the associate's permanent files.

Performance appraisal objectives

The objectives of the performance appraisal process are to:

- ✦ Guide associates toward greater self-development and improve performance by discussing significant strengths and areas needing improvement in a constructive manner.
- ✦ Provide an opportunity for the associate and supervisor to discuss significant strengths and areas needing improvement in a constructive manner
- ✦ Give each associate an opportunity to discuss job problems, interests, and aspirations to provide supervisors with information necessary to assist the associate in his or her career development
- ✦ Provide a record and assessment of the associate's development, which can be helpful in decision making for promotions and transfers

Completion of a performance appraisal is not a contract or a commitment to provide a compensation adjustment, a bonus, or continued employment. Associates should realize that appraisals are only one of several factors that the Company uses in connection with compensation, bonus, promotion, and retention decisions. Failure to conduct an appraisal on a specific associate will not prevent, limit, or delay Fred Meyer from taking appropriate action at its sole discretion.

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3 Benefits and Compensation

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3.1 Family and Medical Leave

(2/04)

Statement

Fred Meyer recognizes the occasional need for time away from work to participate in early child-rearing and the care of family members who have serious health conditions. This policy is intended to assist employees in balancing those family needs with workplace demands.

The policy allows eligible employees to take reasonable leaves of absence for the following reasons:

- ◆ Birth, adoption, or placement of a foster child
- ◆ Care of a spouse, son, daughter, or parent who has a serious health condition
- ◆ Employee is unable to perform the essential functions of his or her position due to a serious health condition

Scope

This policy applies to all Fred Meyer Stores employees.

Effective date

This policy is effective immediately and supersedes any previous policies.

Policy owner

Route all policy questions and suggested updates to the Group Vice President of Human Resources.

Violation of this policy

Employees who violate this policy, including falsifying information when completing an application for leave, will be subject to disciplinary action up to and including termination.

Eligibility

Unpaid leave of absence for up to 12 weeks is provided to eligible employees. Employees eligible for leave of absence must have worked for the Company for at least 12 months and have worked at least 1,250 hours of service during the 12 months immediately preceding the leave of absence.

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State and federal allowances

This policy is in accordance with federal law. It does not supersede more advantageous state laws or the Pregnancy Discrimination Act. California, Oregon, and Washington state laws may also apply. Contact Human Resources to determine eligibility requirements.

Any leave taken will be credited toward all applicable state and federal allowances. Employees are responsible for providing sufficient information to Fred Meyer so the Company can determine whether the employee has a legal right to medical, family, or parental leave.

Definitions

Key employee - a salaried, eligible employee who is among the highest paid 10 percent of all employees (both salaried and unsalaried) within 75 miles of the facility at which the worker is employed.

Serious health condition -an illness, injury, impairment, or physical/mental condition that involves one or both of the following:

- ◆ *In-patient care* in a hospital, hospice, or residential medical facility including a period of incapacity connected with the inpatient care.
- ◆ *Continuing treatment* by a health care provider which involves—
 - Incapacity of *more than three consecutive calendar days*;
 - Any period of incapacity for pregnancy or prenatal care;
 - Any period of incapacity or treatment for a chronic serious health conditions (for example, asthma, diabetes, epilepsy);
 - Permanent or long-term incapacity for which treatment may not be effective (for example, Alzheimer's, severe stroke, terminal stages of a disease); and/or
 - Multiple treatment for a restorative surgery or condition that, if not treated, would result in incapacity of more than three days (for example, chemotherapy for cancer, physical therapy for arthritis, dialysis for kidney disease).

Employee notice and scheduling requirements

Employees are required to give the Company 30 days notice of the need for leave, when it is foreseeable. An employee must make a reasonable effort to schedule treatment for serious health conditions in a manner that does not unduly disrupt business operations.

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Medical certification and reporting requirements

The Company will require a medical certification for serious health conditions. The employee will be required to provide the certification in a timely manner. Periodic reports of status and intent to work may be required. Failure to provide those reports may result in denial of reinstatement.

Fred Meyer will require employees returning from their own medical leave to provide a certification of fitness to return to work.

Duration of leave

Medical leaves are generally limited to a maximum of 12 weeks within the past 12 months. The 12-month period is measured backward from the date an employee uses the leave. Requests for longer leaves should be discussed with Human Resources.

If both an employee and his or her spouse are employed by Fred Meyer, their combined time off may not exceed 12 work-weeks during any 12 month period for the birth, adoption, foster care, or to care for a parent with a serious health condition. Each spouse is, however, eligible for the full 12 weeks within a 12-month period for their own serious health condition or to care for a son, daughter, or spouse with a serious health condition.

Intermittent or reduced leave

If leave is taken on an intermittent or reduced leave schedule as described below, the medical certification has to state that the leave is medically necessary and the amount of time that will be needed.

- ◆ Leave taken for serious health conditions (as described above) may be taken on an intermittent basis (not all at one time) **when medically necessary.**
- ◆ Fred Meyer may require an employee on intermittent leave to transfer temporarily to an available alternative position for which the employee is qualified if the position has equivalent pay and benefits and better accommodates recurring periods of leave than the employee's regular position.
- ◆ If medically necessary, an employee may choose to take family leave on a reduced leave schedule. This may involve reducing his or her usual number of hours per workday or workweek during the leave. The duration of the leave will remain at a 12-week maximum.

FredMeyer**Paid or unpaid leave**

In all instances, except an employee's own serious health condition, employees will be required to use accrued personal holiday and paid vacation first. If the accruals are less than 12 weeks, the employee may take the rest as unpaid leave or use accrued sick leave, in which case any required waiting periods will apply.

Note: The use of paid leave may vary by state - check with Human Resources.

In the case of an employee's own serious health condition, accrued sick leave will be substituted.

Leave granted under state workers' compensation laws, which also meet the Family and Medical Leave Act (FMLA) coverage definition will be counted toward FMLA leave.

Return to position

Generally, employees returning from a leave of absence will be restored to their original or equivalent positions with equivalent pay, benefits, and other employment terms. *Key employees* can be denied restoration from leave if it would cause grievous economic harm to the Company.

Continuation of employee benefits

If the leave is counted toward the employee's family and medical leave under federal law, the employee may continue group health insurance during the leave on the same basis as if (s)he were actively working. The employee's portion of the premium payment must be submitted to Human Resources on a timely basis. If, however, the employee does not return from leave as scheduled, (s)he will be required to repay health insurance premiums that the Company paid during the leave.

Other employment during leave

Outside and/or supplemental employment during leave will result in the loss of leave, benefits, and/or employment status. Contact Human Resources for questions as to what constitutes outside or supplemental employment.

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Leave of absence summary chart

The following table shows the federal eligibility requirements and benefits for family and medical leave. California, Oregon, and Washington state laws may also apply. Contact Human Resources to find out what the actual eligibility requirements are.

| Eligibility | Length | Paid or Unpaid | Benefits | Extended |
|------------------------|-------------------------------------|--|----------|----------|
| Family Medical Leave | | | | |
| 1 year 1250 hrs | 12 weeks per one- year period | Must use vacation and personal pay first; may use sick pay | Yes | No |
| Parental Leave | | | | |
| 1 year 1250 hrs | 12 weeks per one- year period | Must use vacation and personal pay first; may use sick pay | Yes | No |
| Employee Medical Leave | | | | |
| 1 year 1250 hrs | 12 weeks per one- year period | Must use sick pay; may use vacation and/or personal pay | Yes | Yes |

Applying for leave

For personal, family medical, and pregnancy leaves of absence, employees must complete the appropriate leave of absence application. This provides Human Resources with the information needed to determine if the leave qualifies for pay and benefits and if it qualifies for special leave status under federal and state leave laws. ***Failure to submit required documentation may result in delay and/or denial of the leave.***

The following table provides a list of required forms, all of which can be obtained by contacting Human Resources:

| State | Type of Leave | Form Name and No. |
|------------|--|--|
| All States | <ul style="list-style-type: none"> ✦ Family or Employee Medical ✦ Parental | <i>Application for Leave of Absence</i> (M3015) |
| All States | <ul style="list-style-type: none"> ✦ Family or Employee Medical | <i>Special Pay Request</i> (PR137) |
| All States | <ul style="list-style-type: none"> ✦ Family or Employee Medical | <i>Certification of Physician or Practitioner</i> (M3016B) |

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FredMeyer**Short-term leaves**

A short-term leave is an absence of less than two weeks. Use the following process for short-term leaves:

| Step | Responsible Person | Action |
|-------------------------------|------------------------------|---|
| 1 | Employee | Notify supervisor that (s)he will be out and the reason for the absence. |
| 2 | Supervisor | <p>Ask the employee how long (s)he will be out:</p> <ul style="list-style-type: none"> ✦ If the employee will be out less than four days, or absence not related to pregnancy or chronic condition, no action is necessary. ✦ If the employee will be out more than three days, determine if this is a FMLA situation based on the criteria described in this policy. <ul style="list-style-type: none"> • If the employee does not know how long (s)he will be out or it is not a FMLA situation, no action is necessary. • If it is a FMLA situation and/or (s)he will be out more than three days, complete the first page of the <i>Application for Family Medical Leave of Absence</i>. Then give the <i>Application for Family Medical Leave of Absence</i> to the Time and Attendance Operator. |
| 3 | Time and Attendance Operator | Fax the front page of the <i>Application for Leave of Absence</i> to the personnel processing team at (503) 797-5579. Keep the original on file for the employee to complete. |
| 4 | Personnel Processing Team | <p>Upon receipt, determine if the employee qualifies for FMLA and, if so, send an <i>Employer Response to Request for Family or Medical Leave</i> to the employee requesting the leave.</p> <p>If required (not needed for parental leave), send a <i>Certification of Health Care Provider</i> to be completed by the employee's health care provider.</p> |
| 5 | Employee | If applicable, have the health care provider complete the certification form and send it to the personnel processing team. |
| Continued on the next page... | | |

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| Step | Responsible Person | Action |
|------|------------------------------|--|
| 6 | Supervisor | <ul style="list-style-type: none"> ✦ When the employee returns to work, fill out a <i>Special Pay Request</i> and attach the doctor's note, if applicable. ✦ Give the <i>Special Pay Request</i> to the Time and Attendance Operator. ✦ Have the employee fill out the second page of the <i>Application for Leave of Absence</i>. <i>If this is not done, the time off work is considered an unexcused absence.</i> |
| 7 | Time and Attendance Operator | Send the completed application, together with the <i>Special Pay Request</i> , attached note, and a copy of the employee's schedule (if applicable) to the personnel processing team. |

Long-term leaves

A long-term leave is an absence of more than two weeks. Use the following process for long-term leaves:

| Step | Responsible Person | Action |
|--------------------------------------|------------------------------|---|
| 1 | Employee | Notify supervisor that (s)he will be out for an extended period of time due to personal illness or that of a family member. |
| 2 | Supervisor | <ul style="list-style-type: none"> ✦ If the employee is at work at the time of the notification, give the employee an <i>Application for Leave of Absence</i> and submit to the personnel processing team with a completed <i>Certification of Health Care Provider Form</i>. ✦ If the employee calls in, complete the first page of the <i>Application for Leave of Absence</i> form and submit to the Time and Attendance Operator. |
| 3 | Time and Attendance Operator | <ul style="list-style-type: none"> ✦ Fax the <i>Application for Leave of Absence</i> to the personnel processing team at (503) 797-5579. ✦ Make one copy for the store files. ✦ Send the original to the employee's home address with instructions to return the completed form, together with the medical certification to Human Resources. |
| <i>Continued on the next page...</i> | | |

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| Step | Responsible Person | Action |
|------|---------------------------|---|
| 4 | Employee | <ul style="list-style-type: none">✦ Complete and sign the <i>Application for Leave of Absence</i> and return to Human Resources 30 days prior to the beginning of the leave, or within 15 days after the leave has started.✦ Submit a <i>Certification of Fitness to Return to Work</i> to manager (when the employee has been out on leave for his or her own illness). |
| 5 | Personnel Processing Team | Upon receipt, determine if the employee qualifies for FMLA and, if so, send written employer response to employee request for leave. |



3.2 Cellular Phones/Pagers

(4/05)

Statement

Mobile phones, mobile data, and pagers are a part of our daily business lives. In response to the widespread use of these technologies, this policy focuses on the provisions of services and support for associates who have a recognized business need, and have the required approvals (as outlined in this policy), for wireless telecommunications devices and services. The policy also serves to assist in the management and successful implementation of these services.

Scope

This policy applies to all Fred Meyer Stores associates eligible to receive a cell phone/pager.

As used in this policy, the term "wireless services" includes but is not limited to:

- ◆ Wireless phones (and related services)
- ◆ Pagers and messaging devices (and related services)
- ◆ Wireless PDAs (and related services)
- ◆ Wireless data cards and laptop computers (and related services)
- ◆ Blackberry devices (and related services)
- ◆ Other wireless enabled devices (and related services)

Note: For additional information on PDAs, please refer to Corporate Policy 7.10, *Personal Digital Assistants*

Effective Date

This policy is effective immediately and supersedes any previous policies.

Policy Owner

Route all policy questions and suggested updates to the CFO, SVP of Finance.



Violation of This Policy

Associates who violate this policy will be subject to disciplinary action up to and including termination.

Privacy

Associates do not have, and should not expect, privacy rights while using Fred Meyer issued wireless devices or services. This includes usage detail information, phone numbers dialed and received, data transmissions, electronic mail, and compliance review for acceptable use (refer to the 'Acceptable Use' section of this policy).

Safety

Wireless devices may not be used in an unsafe manner. This includes while driving a motor vehicle, operating machinery, or any other endeavor where distractions could lead to accident or injury.

Associates who have access to wireless services while operating a motor vehicle should remember that their primary responsibility is driving safely and obeying the rules of the road. Associates should obey all local, state, and federal laws concerning wireless and mobile technology use while operating a motor vehicle.

General Eligibility

Cell phones/pagers are available to Fred Meyer's management committee and senior staff members or to associates who have a recognized business need for wireless services; however, the latter associates must first get approval from their Division V.P. and the CFO, Senior V.P., Finance before the Company will purchase a phone and/or issue a pager on the corporate account.

Once approved, the associate's division is charged for all business-related services and usage charges.